GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2749
ANSWERED ON:01.08.2002
POWER REFORMS
VINAY KUMAR SORAKE

Will the Minister of POWER be pleased to state:

(a) whether private bidders for distribution of power are facing difficulties to collect power dues in the absence of adequate backing from the State Law enforcement authorities;

(b) if so, whether the State Governments are still undermining the reforms process;

(c) if so, the reasons therefor; and

(d) the steps taken to implement the reforms process?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : Apart from the lack of political will in implementing the reforms in the Distribution sector, the major factors affecting distribution business in India include lack of commercial orientation, excessive Transmission & Distribution losses, distorted tariff policies etc.

(b) : No, Sir.

(c) : Does not arise in view of reply to (b) above.

(d) : The States have accepted the need for power sector reforms. A consensus was reached in the conference of Chief Ministers/Power Ministers held in March, 2001 on theneed to depoliticise power sector reform and speed up their implementation. It was resolved in the conference to achieve break even in distribution in two years time and achieve positive returns thereafter. It was also resolved that State Electricity RegulatoryCommissions (SERCs) would be made functional and tariff petition filed and subsidy may be given only to the extent of the State Government`s capacity to pay the subsidies explicitly through budget. The Government of India has signed Memorandum of Understanding (MoUs) with twenty-one States.The MoUs are a joint commitment of the Centre and the States to undertake reforms in a time bound manner. The State Governments commitment in these MoUs include setting up of the State Electricity Regulatory Commission, 100% metering of 11 KV feeders and all consumers, energyaudit, reduction of technical and commercial losses, achievement of commercial viability in distribution etc. Government of India has committed its support through additional allocation of power from Central Generating Stations and financial assistance forstrengthening of sub-transmission and distribution as well as for renovation and modernization of thermal and hydel power plants.